

18 March 1954

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Notes on NSC Meeting, 18 March 1954

1. The President opened the meeting with a discussion of his draft letter to Churchill and indicated he would prefer not to get into detail on East-West Trade matters, but to leave that to the Foreign Office and State to work out -- Churchill can be one of the toughest detail men in the world if he gets interested in a subject.

Secretary of State agreed with this emphatically, noting that arrangements he had made with Eden at various times -- notably at Berlin -- had blown up when Churchill had taken over the matter. The cases in point were Egypt, Iran and Arabia.

In his tough talk with British Ambassador Makins yesterday, Mr. Dulles stressed that unless the British change their position -- Fraser of AIOC request for 1.3 billion dollars twice in compensation -- the U.S. might have to reexamine its policy of partnership with the British in the Middle East. U.S. policy would attempt to save both Iran and the British investment there, but given a choice between the two, would save Iran.

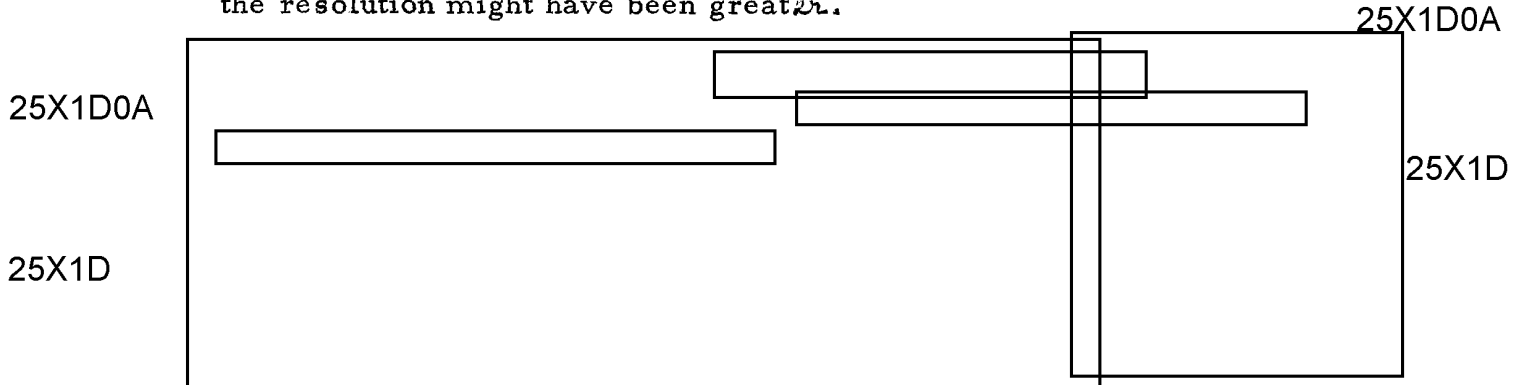
In Egypt, Mr. Dulles told Mr. Makins the British had waited too long to get a settlement on Suez, and now the internal political situation was getting out of control, and in Arabia, British support of the oil companies was causing friction with both ARAMCO and the Saudi government. Mr. Dulles also noted that wherever possible, we should deal through Mr. Eden and the Foreign Office to attempt to build them up with respect to the Prime Minister.

Mr. Dulles briefed briefly on the Caracas Conference. He observed that the anti-Communist resolution passed there had its origins in the "other half" of the Monroe Doctrine -- that is the desire in Monroe's message to prevent the spread of despotic political systems to the Western Hemisphere -- in the present instance, Communism.

Mr. Dulles spoke of the somewhat unfavorable atmosphere he encountered upon his arrival at Caracas and how, after considerable effort, the atmosphere had improved by the time he left the conference, and that a political "machine" was in fine functioning order. He noted that in

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connection with Mexico's abstention on the anti-Communist resolution, that Mexico had only half opposed the U.S. delegation and largely for internal political reasons, Padilla Nervo had not taken as prominent a part in the proceedings as he could have; had he done so, opposition to the resolution might have been greater.



3. The DCI briefed on Dien Bien Phu and the East Pakistan elections.

Regarding Dien Bien Phu -- battle being fought on Plain 25 miles long surrounded by high ground which the Viet Minh hold. An extremely crucial battle for Indochina. Went over strength figures of both sides, indicating that the enemy had the French outnumbered better than 2-1, and that Viet Minh artillery had brought the airfields under fire and had made them unuseable except for one brief flight in to take out wounded two days ago. In air strength, the French had lost one B-26, two Navy F8F fighters and two helicopters. At present, Viet Minh artillery had again begun to pound French positions, but with the clearing weather, French aircraft were attacking Viet Minh artillery positions with napalm and high explosives. The Viet Minh had about 60-days' supplies on hand, and the French a similar amount on hand or to be dropped in. G-2's latest guess on the battle is roughly a 50-50 chance for the French; too early to tell yet. Will not be able to tell much before next week.

East Pakistan elections -- The Moslem League had lost heavily to the United Democratic Front -- a collection of Leftists -- in the recent East Pakistan provincial elections -- UDF getting 85 of the 96 seats counted so far out of possible 237, plus 72 other seats reserved for non-moslems. The vote in effect was for separation from West Pakistan and for more regional autonomy -- they don't want to join India -- they really have no place to go. East Pakistan has more population than West Pakistan and is richer. Effect of the elections is to bring in a pinkish regime in this area and to weaken West Pakistan government.

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